

BILL # HB 2373

TITLE: taxation; biogas facilities

SPONSOR: Murphy

STATUS: As Introduced

PREPARED BY: Hans Olofsson

FISCAL ANALYSIS

Description

This bill would provide a sales tax exemption for pipes and valves included in the construction of pipelines used to transport biogas. Additionally, the bill would also provide a property valuation method for biogas facilities. Under HB 2373, biogas facilities would be valued (for property tax purposes) in the same manner as renewable energy equipment.

The bill defines "biogas" as gaseous fuel containing at least 60% methane derived from the processing of human or animal waste in an anaerobic digester. The anaerobic digester refers to the actual facility that produces the methane gas used to generate electricity.

Estimated Impact

Based on information provided by the Department of Revenue (DOR), it is currently believed that HB 2373 would have no direct impact on the state General Fund. Since there appear to be no biogas facilities currently operating in the state, the bill is expected to neither reduce sales tax revenues nor raise Basic State Aid costs to schools when compared to current law. The impact on the state General Fund, if any, would be in the form of foregone revenues and cost.

Analysis

DOR is not aware of any biogas digesters or associated pipelines located in the state that are currently valued by either the department or the county assessors. This means that relative to current law, HB 2373 would not reduce sales tax revenues from the sale of biogas pipelines or related equipment. Similarly, since there is no biogas facility on the property tax rolls currently, the valuation method under the bill (which is the same as for renewable energy equipment) would not result in any valuation loss when compared to current law. This suggests that the bill would have no direct impact on the cost for Basic State Aid under the K-12 funding formula.

Local Government Impact

The bill would have no direct impact on local governments. If there is a fiscal impact associated with the bill, it would be in the form of foregone revenues.